



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 1592

Date Filmed 5/10/84 Camera No. --- 2

Cameraman JRL



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 3, 1984

D. Anthony Guglielmo
100 Stafford Street
Stafford, Connecticut 06076

Re: MUR 1592
Guglielmo for Congress Committee
D. Leslie Olsen, Treasurer

Dear Mr. Guglielmo:

On April 2, 1984, the Commission accepted the conciliation agreement signed by you and a civil penalty in settlement of the violations of the Act. Accordingly, the file has been closed in this matter, and it will become a part of the public record within 30 days. However, 2 U.S.C. § 434g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel


By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation Agreement

84040454764

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Guglielmo for Congress Committee
and its Treasurer, D. Leslie Olsen

NUR 1592

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission (hereinafter "the Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. Reason to believe has been found that the Guglielmo for Congress Committee and its treasurer, D. Leslie Olsen, ("Respondent") violated the Federal Election Campaign Act of 1971, as amended by misstating its financial activity, failing to itemize contributions from political committees, failing to itemize individual contributions, failing to disclose debts and obligations, failing to file disclosure reports, and failing to maintain accurate contributor records.

NOW THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent, and the subject matter of this proceeding, and this agreement has the effect of an agreement entered into pursuant to 2 U.S.C.

§ 437g(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

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III. Respondent enters voluntarily into this Agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Respondent Guglielmo for Congress Committee is a political committee as defined by 2 U.S.C. § 431(4). D. Leslie Olsen is the treasurer of the Guglielmo for Congress Committee.

2. The Commission conducted an audit of Respondent for the period January 1, 1981, through December 31, 1982.

3. In its disclosure reports filed during the calendar year 1981, Respondent understated its beginning cash by \$3,711.49, understated its receipts by \$209.62, and understated its disbursements by \$3,921.11. The understatement of Respondent's 1981 receipts was the result of an unreported contribution. The understatement of Respondent's 1981 disbursements was the result of 12 unreported disbursements and of a failure to report an in-kind contribution as a disbursement. In its disclosure reports filed during the calendar year 1982, Respondent underestimated its receipts by \$34,086.68 and underestimated its disbursements by \$80,316.56. The understatement of Respondent's 1982 receipts was the result of mathematical errors made in the preparation of its reports. The understatement of Respondent's 1982 disbursements was the result of 18 unreported disbursements and of mathematical errors. On July 6, 1983, Respondent filed amendments to correct the reporting errors.

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4. Between October 8, 1981 and November 12, 1982, Respondent failed to itemize 43 contributions from 18 political committees. These contributions totalled \$11,535.91. On July 6, 1983, Respondent filed an amendment to correct its failure to itemize contributions.

5. Between January 1, 1981 and December 31, 1982, Respondent failed to itemize contributions from 34 individuals. These contributions totalled \$6,150. On July 6, 1983, Respondent filed an amendment to correct its failure to itemize contributions.

6. As of December 31, 1982, Respondent failed to disclose debts and obligations for at least 13 vendors totalling at least \$57,000.54. On July 6, 1983, Respondent filed a report to correct its failure to disclose debts and obligations.

7. The 1982 Year End Report which was due on January 31, 1983, was not filed by the Respondent until June 6, 1983.

8. Between January 1, 1981, and December 31, 1982, Respondent failed to keep contributor records for \$51,413.36 in contributions.

V. Respondent misstated its financial activity in violation of 2 U.S.C. § 434(b), 11 C.F.R. § 104.13(a)(1) and (2) and 11 C.F.R. § 104.3(a) and (b);

VI. Respondent failed to itemize contributions from other political committees in violation of 2 U.S.C. § 434(b)(3)(B) and

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11 C.F.R. § 104.3(a)(4)(ii);

VII. Respondent failed to itemize individual contributions in violation of 2 U.S.C. § 434(b)(3)(A);

VIII. Respondent failed to disclose debts and obligations in violation of 2 U.S.C. § 434(b)(8), 11 C.F.R. § 104.3(d) and § 104.11(b);

IX. Respondent failed to file disclosure reports in violation of 2 U.S.C. § 434(a)(1) and (2)(A)(iii), and;

X. Respondent failed to maintain accurate contributor records in violation of 2 U.S.C. § 432(c)(1), (2), (3) and 2 U.S.C. § 432(d);

XI. Respondent will pay civil penalty to the Treasurer of the United States in the amount of one thousand dollars (\$1,000), pursuant to 2 U.S.C. § 437g(a)(5)(A).

XII. Respondent agrees not to undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431, et seq.

XIII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

XIV. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

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XV. Respondent shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

Charles N. Steele
General Counsel

April 3, 1984
Date

BY:

Kenneth A. Gross
Associate General Counsel

3/20/84
Date

Guglielmo for Congress Committee

BY:

ITS:

D. J. Guglielmo
Candidate

84040454769

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Guglielmo for Congress
Committee
D. Leslie Olsen, Treasurer

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)
)
NUR 1592

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on April 2, 1984, the Commission decided by a vote of 4-0 to take the following actions in NUR 1592:

1. Accept the signed conciliation agreement as attached to the General Counsel's Report signed March 28, 1984.
2. Close the file.

Commissioners Aikens, Elliott, McDonald and McGarry voted affirmatively in this matter; Commissioners Harris and Reiche did not cast a vote.

Attest:

4-2-84

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

Received in Office of Commission Secretary:
Circulated on 48 hour tally basis:

3-28-84, 1:08
3-29-84, 4:00

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 2, 1984

D. Anthony Guglielmo
100 Stafford Street
Stafford, Connecticut 06076

Re: MUR 1592
Guglielmo for Congress Committee
D. Leslie Olsen, Treasurer

Dear Mr. Guglielmo:

This is to confirm our telephone conversation of March 28, 1984, in which I indicated to you that some minor changes were being made in the Conciliation Agreement which you signed on March 20, 1984.

As I indicated, page 2, paragraph IV-2, line 2 should read "January 1, 1981...", page 2, paragraph 3, line 10 should read "calendar year 1982...", and page 3, paragraph 6, line 1 should read, "As of December 31, 1982."

If you have any questions, please feel free to telephone me at (202) 523-4000.

Sincerely,

Duane A. Brown
Attorney

84040454771

BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

In the Matter of)
Guglielmo for Congress)
Committee and its)
Treasurer, D. Leslie Olsen)

MUR 1592

84 MAR 28 P 1: 08

SENSITIVE

GENERAL COUNSEL'S REPORT

Background

Attached is a conciliation agreement which has been signed by D. Anthony Guglielmo, the candidate represented by the respondent committee.

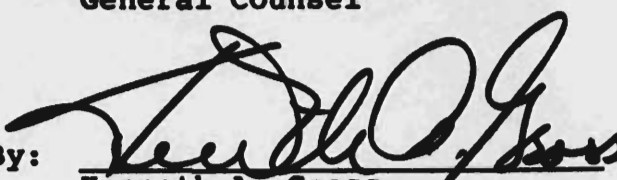
The attached agreement contains no changes from the agreement approved by the Commission and a check for the civil penalty imposed by the Commission has been received.

Recommendation

The Office of General Counsel recommends the acceptance of this agreement and the closing of the file.

Charles N. Steele
General Counsel

March 24, 1984
Date

By: 
Kenneth A. Gross
Associate General Counsel

Attachments

Conciliation Agreement
Letter to D. Anthony Guglielmo

84040454772

D. ANTHONY GUGLIELMO COMMITTEE
SPECIAL ACCOUNT

3/19/84 112
51-57/118

PAY TO THE
ORDER OF

Treasurer of the United States 1000 00
One Thousand dollars & 00/100 cent DOLLARS

CBT THE CONNECTICUT BANK
STAFFORD SPRINGS, CONNECTICUT

MEMO

F.E.C. PENALTY

124925 811

⑆0119005711⑆

[Signature]

7745404778



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 29, 1984

D. Anthony Guglielmo
100 Stafford Street
Stafford, Connecticut 06076

RE: MUR 1592

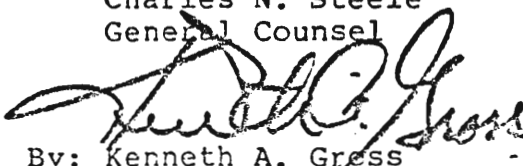
Dear Mr. Guglielmo:

On December 8, 1983, the Commission found reason to believe that the Guglielmo for Congress Committee and D. Leslie Olsen, treasurer violated 2 U.S.C. § 434(b), 11 CFR § 104.13(a)(1) and (2); 11 C.F.R. § 104.3(a) and (b); 2 U.S.C. § 434(b)(3)(B), 11 C.F.R. § 104.3(a)(4)(ii); 2 U.S.C. § 434(b)(3)(A) 2 U.S.C. § 434(b)(8); 11 C.F.R. § 104.3(d), 11 C.F.R. § 104.11(b); 2 U.S.C. § 434(a)(1) and (2)(A)(iii); 2 U.S.C. § 432(c)(1), (2), (3) and 2 U.S.C. § 432(d). At your request, the Commission determined on February 27, 1984, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Duane A. Brown, the attorney assigned this matter, at (202) 523-5071.

Sincerely,

Charles N. Steele
General Counsel


By: Kenneth A. Gress
Associate General Counsel

Enclosure



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

D. Anthony Guglielmo
100 Stafford Street
Stafford, Connecticut 06076

Re: MUR-1592
Guglielmo for Congress Committee
D. Leslie Olsen, Treasurer

Dear Guglielmo:

On , 1984, the Commission accepted the conciliation agreement signed by you and a civil penalty in settlement of the violations of the Act. Accordingly, the file has been closed in this matter, and it will become a part of the public record within 30 days. However, 2 U.S.C. § 434g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation Agreement

84040454776

30634

FEDERAL ELECTION COMMISSION

1325 K Street, N.W.
Washington, D.C. 20463

MUR 1592

3-26-84

Date

The Federal Election Commission has received \$ 1000.00 in cash/check for the purchase of copies of documents on file at the Federal Election Commission, or for other materials made available by the Commission.


Federal Election Commission

Purchaser understands any information copied from reports and statements shall not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee. 2 U.S.C. Section 428

840404547

D. ANTHONY GUGLIELMO COMMITTEE
SPECIAL ACCOUNT

112

3/19 1984

81-57118

PAY TO THE
ORDER OF

Treasurer of the United States 1000.00
One Thousand Dollars & 00/100 CENTS DOLLARS

CBT THE CONNECTICUT BANK
AND TRUST COMPANY
STAFFORD SPRINGS, CONNECTICUT

MEMO
F.E.C. PENALTY

[Signature]

⑆011900571⑆

124925 84

84 MAR 22 PM 2:25



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20543

February 29, 1984

D. Anthony Guglielmo
100 Stafford Street
Stafford, Connecticut 06076

RE: MUR 1592

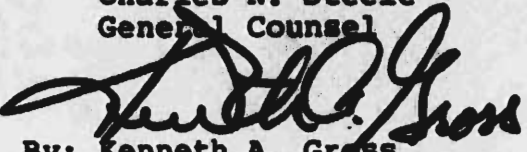
Dear Mr. Guglielmo:

On December 8, 1983, the Commission found reason to believe that the Guglielmo for Congress Committee and D. Leslie Olsen, treasurer violated 2 U.S.C. § 434(b), 11 CFR § 104.13(a)(1) and (2); 11 C.F.R. § 104.3(a) and (b); 2 U.S.C. § 434(b)(3)(B), 11 C.F.R. § 104.3(a)(4)(ii); 2 U.S.C. § 434(b)(3)(A) 2 U.S.C. § 434(b)(8); 11 C.F.R. § 104.3(d), 11 C.F.R. § 104.11(b); 2 U.S.C. § 434(a)(1) and (2)(A)(iii); 2 U.S.C. § 432(c)(1), (2), (3) and 2 U.S.C. § 432(d). At your request, the Commission determined on February 27, 1984, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Duane A. Brown, the attorney assigned this matter, at (202)523-5071.

Sincerely,

Charles N. Steele
General Counsel


By: Kenneth A. Gross
Associate General Counsel

Enclosure

84040454778

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Guglielmo for Congress Committee
D. Leslie Olsen, Treasurer

MUR 1592

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on February 27, 1984, the Commission decided by a vote of 5-0 to take the following actions in MUR 1592:

1. Enter into pre-probable cause conciliation with the Guglielmo for Congress Committee and its treasurer; D. Leslie Olsen.
2. Approve the conciliation agreement and letter as attached to the General Counsel's Report signed February 22, 1984.

Commissioners Aikens, Elliott, Harris, McGarry and Reiche voted affirmatively in this matter; Commissioner McDonald did not cast a vote.

Attest:

2-28-84

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

Received in Office of Commission Secretary:
Circulated on 48 hour tally basis:

2-23-84, 11:09
2-23-84, 4:00

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BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED
OFFICE OF THE
CLERK OF THE
COMMISSION

In the Matter of the)
Guglielmo for Congress Committee)
D. Leslie Olsen, as Treasurer)

MUR 1592 84 FEB 23 AII: 09

GENERAL COUNSEL REPORT

SENSITIVE

I. BACKGROUND

This matter was referred to the Office of General Counsel as a result of an audit of the Guglielmo for Congress Committee (the "Respondent"). The audit determined that the Respondent had 1) misstated its financial activity; 2) failed to itemized contributions from political committees; 3) failed to itemize individual contributions; 4) failed to disclose debts and obligations; 5) failed to file disclosure reports; and 6) failed to maintain accurate contributor records. On December 8, 1983, the Commission found reason to believe that the Guglielmo for Congress Committee and its treasurer, D. Leslie Olsen, violated 2 U.S.C. § 434(b), 11 C.F.R. § 104.13(a) (1) and (2); 11 C.F.R. § 104.3(a) and (b); 2 U.S.C. § 434(b) (3) (B), 11 C.F.R. § 104.3(a) (4) (ii); 2 U.S.C. § 434(b) (3) (A); 2 U.S.C. § 434(b) (8); 11 C.F.R. § 104.3(d), 11 C.F.R. § 104.11(b); 2 U.S.C. § 434(a) (1) and (2) (A) (iii); 2 U.S.C. § 432(c) (1), (2), (3) and 2 U.S.C. § 432(d).

II. LEGAL ANALYSIS

On December 12, the General Counsel's factual and legal analysis was mailed to the Respondent. On January 5, 1984, a reply was received from the candidate, D. Anthony Guglielmo, on behalf of the Respondent setting forth the circumstances surrounding the Respondent's reporting problems and, also, requesting pre-probable cause conciliation (Attachment I).

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As in the responses to Audit inquiries, Mr. Guglielmo asserts that once the recordkeeping errors and bookkeeping discrepancies were brought to the Respondent's attention by the auditors, every effort was made to correct them. In fact, except for the missing contributor records, all discrepancies and errors in reporting and bookkeeping were attended to before the referral to the OGC was made. Regarding the missing contributor records, Respondent continues to assert that the record cards were undoubtedly lost during the office move after the election. Mr. Guglielmo indicates that every effort has been made to ascertain the whereabouts of the records, including telephoning former staff members, volunteers and people who loaned the Respondents office furniture. Mr. Guglielmo asserts that the Respondents' "failure to maintain proper records was not a result of a flagrant disregard for the regulations" but moreso the result of "a lack of attention to detail by [a] young and inexperienced staff."

Finally, Mr. Guglielmo requests special consideration by the Commission in determining a civil penalty. Mr. Guglielmo indicates that the campaign has left him personally liable for \$57,000 in debts and requests that the Commission take this into account when determining a civil penalty.

A conciliation agreement is attached for the Commission's consideration. The agreement sets forth the facts of this matter, contains an admission that Respondent violated the Act, and requires that Respondent pay a civil penalty of \$1,000. The

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Office of General Counsel recommends a \$1,000 civil penalty based on the number and type of reporting violations. The civil penalty takes into consideration, however, Respondent's efforts to file amended reports and correct the reporting errors and omissions.

III. RECOMMENDATION

The Office of General Counsel recommends that the Commission:

- 1) Enter into pre-probable cause conciliation with the Guglielmo for Congress Committee and its treasurer, D. Leslie Olsen.
- 2) Approve the attached conciliation agreement and letter.

Charles N. Steele
General Counsel

February 22, 1994
Date

Kenneth A. Gross
By: Associate General Counsel

Attachments

1. Letter from Tony Guglielmo
2. Proposed Conciliation Agreement
3. Letter to T. Guglielmo

84040454792

ATTACHMENT I

①

84 JAN 5 PI2: 09

*Brown
MVR 1592*

11:41 AM 5 P5: 03



December 29, 1983

Mr. Duane A. Brown, Esq.
Federal Election Commission
Washington, DC 20463

RE: MVR 1592

Dear Mr. Brown:

After discussions with you, I would like to enter into a preprobable
cause conciliation with the Commission.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 12, 1983

D. Leslie Olsen, Treasurer
Guglielmo for Congress Committee
100 Stafford Street
Stafford, Connecticut 06076

Re: MUR 1592

Dear Mr. Olsen:

On December 8, 1983, the Federal Election Commission determined that there is reason to believe that your committee and you, as treasurer, violated 2 U.S.C. § 434(b), 11 CFR 104.13(a)(1) and 2; 11 CFR § 104.3(a) and (b); 2 U.S.C. § 434(b)(3)(B), 11 CFR § 104.3(a)(4)(ii); 2 U.S.C. § 434(b)(3)(A); 2 U.S.C. § 434(b)(8); 11 CFR 104.3(d), 11 CFR 104.11(b); 2 U.S.C. § 434(a)(1) and (2)(A)(iii); 2 U.S.C. § 432(c)(1), (2), and (3) and § 432(d). The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you and the committee. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter.

In the absence of any additional information which demonstrates that no further action should be taken against you and your committee, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if you and the committee so desire. See 11 C.F.R. § 111.18(d).

If you and the committee intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

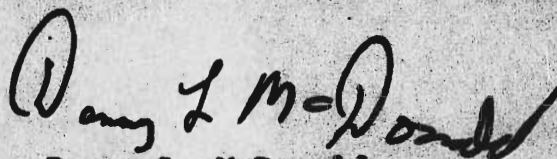
84040454794

D. Leslie Olsen, Treasurer
Page 2

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Duane A. Brown, the attorney assigned this matter, at 202/523-5071.

Sincerely,


Danny L. McDonald,
Chairman

Enclosures

General Counsel's Factual and Legal Analysis
Procedures
Designation of Counsel Statement

84040454785

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Guglielmo for Congress
D. Leslie Olsen, Treasurer

MUR NO. 1592
STAFF MEMBER(S) & TEL. NO.
Duane A. Brown
(202) 523-5071.

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

This matter was referred to the Office of General Counsel as the result of an audit of the Guglielmo for Congress Committee by the Audit Division.

The audit determined that the respondent had 1) mistated its financial activity; 2) failed to itemize contributions from political committees; 3) failed to itemize individual contributions; 4) failed to disclose debts and obligations; 5) failed to file disclosure reports; and, 6) failed to maintain accurate contributor records.

FACTUAL BASIS AND LEGAL ANALYSIS

A) Misstatement of Financial Activity

2 U.S.C. § 434(b) states, in part, that each report shall disclose the total of all receipts and disbursements received or made during the reporting period and the calendar year.

11 CFR 104.13(a)(1) and (2) states that the amount of an in-kind contribution shall be equal to the usual and normal value on the date received. Each in-kind contribution shall be reported as a contribution and expenditure in accordance with 11 CFR 104.3(a) and (b).

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Audit's reconciliation of the Committee's bank accounts to its disclosure reports filed during calendar years 1981 and 1982 indicated the following differences:

1981

Reported beginning cash was understated by	\$ 3,711.49
Reported receipts were understated by	209.62
Reported disbursements were understated by	3,921.11

1982*/

Reported receipts were understated by	\$34,086.68
Reported disbursements were understated by	80,316.56

The understatement of Committee receipts for 1981 was found to be the result of an unreported contribution while the 1982 difference was the result of mathematical errors made in the preparation of various Committee reports.

The understatement of disbursements in 1981 was found to be the result of the Committee failing to report 12 disbursements on their first semi-annual report, and the disbursement entry for an in-kind contribution received in July 1981. The 1982 understatement resulted from 18 unreported disbursements and various mathematical errors. Committee officials could provide no reasons for the above mentioned discrepancies but agreed to correct their reports.

*/ The 1982 bank activity is reflected as of November 22, 1982, due to the coverage date of the Committee's latest disclosure report.

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B) Unitemized Contributions from Political Committees

2 U.S.C. § 434(b) (3) (B) states that each report under this section shall disclose the identification of each political committee which makes a contribution to the reporting committee during the reporting period together with the date and amount of any such contribution.

11 CFR 104.3(a) (4) (ii) states, in part, that each report shall disclose the total amount of receipts for the reporting period and for the calendar year and the aggregate year-to-date total for such contributor (including political committees and committees which do not qualify as political committees under the Act). During the pre-audit review of indices prepared from contributing Committee reports and subsequent review of Committee records, 43 contributions from 18 political committees were identified which were not itemized on Committee reports. These contributions totaled \$11,535.91. The recorded dates of these contributions were between October 8, 1981 and November 12, 1982.

During the audit fieldwork an attempt was made to verify that these contributions were received and deposited by the Committee. Since many of the Committee's deposit records did not contain detailed records of those contributions contained in each deposit, only six of the 43 contributions could be traced to the Committee's bank deposit records. Other Committee records indicated the receipt of an additional five of the contributions. No records could be found of the remaining 32 contributions. Committee officials had no comments with respect to the above noted matters.

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C) Failure to Itemize Individual Contributions

2 U.S.C. § 434(b) (3) (A) states, in part, that each report under this section shall disclose the identification of each person (other than a political committee) who makes a contribution to the reporting committee during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of \$200 within the calendar year.

The Audit staff conducted an analysis of the 1,808 contributor cards provided for review. Based on available Committee records, it was determined that 34 contributions totaling \$6,150 or 23 percent of the number requiring itemization and 13 percent of the amount requiring itemization were not itemized on the Committee's disclosure reports. Committee officials had no comments with respect to the matter noted above.

D) Disclosure of Debts and Obligations

2 U.S.C. § 434(b) (8) states, in part, that each report under this section shall disclose the amount and nature of outstanding debts and obligations owed by or to such political committee.

11 CFR 104.3(d) states, in part, that each report filed shall, on Schedule C or D, as appropriate, disclose the amount and nature of outstanding debts and obligations owed by or to the reporting committee.

11 CFR 104.11(b) states that a debt, obligation, or other promise to make an expenditure, the amount of which is \$500 or less, shall be reported as of the time payment is made or no

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later than 60 days after such obligation is incurred, whichever comes first. Any loan, debt or obligation, the amount of which is over \$500 shall be reported as of the time of the transaction.

During the pre-audit review, it was noted by the Audit staff that the Committee had not disclosed any debts or obligations. Audit's review of the Committee's vendor file during the audit fieldwork indicated that the Committee had maintained copies of vendor bills, statements and invoices. Although some invoices were stamped "PAID", none were annotated in a manner to indicate check number, payment, date, or the amount paid.

Based on Audit's review of the Committee's vendor file, the Audit staff determined that as of December 31, 1982, the Committee failed to disclose debts and obligations for at least 13 vendors totaling at least \$57,000.54. Committee officials could provide no reasons for the failure to disclose the noted debts and obligations.

E) Failure to File Disclosure Report

2 U.S.C. § 434(a)(1) and (2)(A)(iii) requires, in part, the treasurer of a political committee which is the principal campaign committee of a candidate for the House of Representatives in any calendar year during which there is a regularly scheduled election for which such candidate is seeking election, or nomination for election, to file a report for the quarter ending December 31 which shall be filed no later than January 31 of the following calendar year.

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During the pre-audit review, the Audit staff noted that the Committee had been notified of its failure to file the 1982 Year End Report of Receipts and Disbursements. Although this report was due on January 31, 1983, the Committee had not filed its 1982 Year End Report. Committee staff were unable to provide a reason for the failure to file the report in a timely manner.

F) Missing Contributor Records

2 U.S.C. § 432(c) (1), (2), (3) and § 432(d) states that the treasurer of a political committee shall keep an account of all contributions received by or on behalf of such political committees; the name and address of any person who makes any contribution in excess of \$50 together with the date and amount of such contributions by any person; and the identification of any person who makes a contribution or contributions aggregating more than \$200 during a calendar year, together with the date and amount of any such contribution. The treasurer shall preserve all records required to be kept by this section and copies of all reports required to be filed by this subchapter for three years after the report is filed.

The Committee provided the Audit staff with 1,808 contributor cards which totaled \$96,712.64. After conducting the individual contributor trace, it was noted that the Committee itemized \$18,853.63 for which no contributor card was available. This amount was added to the contributor cards to obtain a total of \$115,566.27 and compared to the corrected reported total of

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\$116,979.63. Based on the above review, it was determined that the Committee failed to provide records for \$51,413.36 for 30.79 percent of its reported individual contributions for the period January 1, 1981 through November 22, 1982.

During Audit's review it was also determined that no individual contributor records were maintained after November 5, 1982, the Friday following the General Election. The Committee staff that was responsible for maintaining these records had left the Committee to seek other employment. The candidate informed our staff that the Committee had received contributions in excess of \$50 after November 5, 1982. In addition, a review of committee bank statements indicated deposits of \$15,167.55 between November 5, and December 31, 1982. Committee staff gave no apparent reason for the missing records.

In the interim audit report, it was recommended that the Committee provide an account of the name and address of any person who made a contribution in excess of \$50 (with respect to the above mentioned \$51,413.36) and properly itemize all contributions which in amount or in aggregate exceed \$200.

On July 6, 1983, a statement was received from the Committee which described the efforts taken to locate these records and provide the requested information.

The candidate, Tony Guglielmo, attempts to offset the fact that his Committee failed to provide documentation for \$51,413.36 of its reported individual contributions by stating that: 1) the staff was made up of young people from around the country; 2) the

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pertinent records could have been accidentally removed by staff or volunteers after the election; and 3) the records could have been left in rented furniture which was returned to its owner immediately after the election. Finally, Guglielmo indicates that he called as many staffers as he could locate without success. In sum, no additional records were located for Audit staff review.

It is apparent, based on the Audit review, that the Guglielmo Committee treasurer failed to keep an accurate account of all contributions received in addition to the particulars regarding the identification of any person making a contribution in excess of \$50 or aggregating more than \$200 in violation of 2 U.S.C. § 432(c)(1), (2), and (3) and § 432(d). Moreover, the fact that the Guglielmo Committee staff consisted of young people and the fact that the campaign office, after the election, "was cleared out" by some volunteers is not a sufficient mitigating circumstance as to justify D. Leslie Olsen's failure to properly preserve and maintain the contributor records.

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DESCRIPTION OF PRELIMINARY PROCEDURES
FOR PROCESSING POSSIBLE VIOLATIONS DISCOVERED BY THE
FEDERAL ELECTION COMMISSION

Possible violations discovered during the normal course of the Commission's supervisory responsibilities shall be referred to the Enforcement Division of the Office of General Counsel where they are assigned a MUR (Matter Under Review) number, and assigned to a staff member.

Following review of the information which generated the MUR, a recommendation on how to proceed on the matter, which shall include preliminary legal and factual analysis, and any information compiled from materials available to the Commission shall be submitted to the Commission. This initial report shall recommend either: (a) that the Commission find reason to believe that a possible violation of the Federal Election Campaign Act (FECA) may have occurred or is about to occur and that the Commission conduct an investigation of the matter; or (b) that the Commission find no reason to believe that a possible violation of the FECA has occurred and that the Commission close the file on the matter.

Thereafter, if the Commission decides by an affirmative vote of four (4) Commissioners that there is reason to believe that a violation of the Federal Election Campaign Act (FECA) has been committed or is about to be committed, the Office of the General Counsel shall open an investigation into the matter. Upon notification of the Commission's finding(s), within 15 days a respondent(s) may submit any factual or legal materials relevant to the allegations. During the investigation, the Commission shall have the power to subpoena documents, to subpoena individuals to appear for depositions, and to order answers to interrogatories. The respondent(s) may be contacted more than once by the Commission in its investigation.

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL:

ADDRESS:

TELEPHONE:

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

Date

Signature

NAME:

ADDRESS:

HOME PHONE:

BUSINESS PHONE:

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

**D. Leslie Olsen, Treasurer
Guglielmo for Congress Committee
100 Stafford Street
Stafford, Connecticut 06076**

Re: MUR 1592

Dear Mr. Olsen:

On November , 1983, the Federal Election Commission determined that there is reason to believe that your committee and you, as treasurer, violated 2 U.S.C. § 434(b), 11 CFR 104.13(a)(1) and 2; 11 CFR § 104.3(a) and (b); 2 U.S.C. § 434(b)(3)(B), 11 CFR § 104.3(a)(4)(ii); 2 U.S.C. § 434(b)(3)(A); 2 U.S.C. § 434(b)(8); 11 CFR 104.3(d), 11 CFR 104.11(b); 2 U.S.C. § 434(a)(1) and (2)(A)(iii); 2 U.S.C. § 432(c)(1), (2), and (3) and § 432(d). The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you and the committee. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter.

In the absence of any additional information which demonstrates that no further action should be taken against you and your committee, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if you and the committee so desire. See 11 C.F.R. § 111.18(d).

If you and the committee intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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D. Leslie Olsen, Treasurer
Page 2

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Duane A. Brown, the attorney assigned this matter, at 202/523-5071.

Sincerely,

[Handwritten signature]
12/9/83

Enclosures

General Counsel's Factual and Legal Analysis
Procedures
Designation of Counsel Statement

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MUR 1592

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on December 8, 1983, the Commission decided by a vote of 6-0 to take the following actions in MUR 1592:

1. Find reason to believe the Guglielmo for Congress Committee and D. Leslie Olsen, as treasurer, violated 2 U.S.C. § 434(b), 11 CFR 104.13(a)(1) and (2); 11 CFR 104.3(a) and (b); 2 U.S.C. § 434(b)(3)(B), 11 CFR 104.3(a)(4)(ii); 2 U.S.C. § 434(b)(3)(A); 2 U.S.C. § 434(b)(8); 11 CFR 104.3(d), 11 CFR 104.11(b); 2 U.S.C. § 434(a)(1) and (2)(A)(iii); 2 U.S.C. § 432(c)(1), (2), (3) and § 432(d).
2. Approve the letters as attached to the First General Counsel's Report signed November 30, 1983.

Commissioners Aikens, Elliott, Harris, McDonald, McGarry
and Reiche voted affirmatively in this matter.

Attest:

12-9-83
Date

Marjorie W. Emmons
Marjorie W. Emmons, Secretary of the
Commission

Received in Office of Commission Secretary:
Circulated on 48 hour tally basis:

11-30-83, 4:27
12- 1-83, 11:00

SENSITIVE

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

FEDERAL ELECTION COMMISSION

1325 K Street, NW
Washington, D.C.

83 NOV 30 P 4: 27

FIRST GENERAL COUNSEL'S REPORT

MUR 1592
STAFF MEMBER:
Duane A. Brown

SOURCE OF MUR: INTERNALLY GENERATED

RESPONDENT'S NAME: Guglielmo for Congress Committee
D. Leslie Olsen, Treasurer

RELEVANT STATUTE: 2 U.S.C. § 434(b), 11 CFR 104.13(a) (1) and (2); 11 CFR 104.3(a) and (b); 2 U.S.C. § 434 (b) (3) (B), 11 CFR 104.3(a) (4) (ii); 2 U.S.C. § 434(b) (3) (A); 2 U.S.C. § 434(b) (2); 11 CFR 104.3(d), 11 CFR 104.11(b); 2 U.S.C. § 434(a) (1) and (2) (A) (iii); 2 U.S.C. § 432(c) (1), (2), and (3) and § 432(d)

INTERNAL REPORTS CHECKED: Committee

FEDERAL AGENCIES CHECKED: None

GENERATION OF MATTER

This matter was referred to the Office of General Counsel as the result of an audit of the Guglielmo for Congress Committee by the Audit Division (Attachment I).

SUMMARY OF ALLEGATIONS

The audit determined that the respondent had 1) mistated its financial activity; 2) failed to itemize contributions from political committees; 3) failed to itemize individual contributions; 4) failed to disclose debts and obligations; 5) failed to file disclosure reports; and, 6) failed to maintain accurate contributor records.

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FACTUAL AND LEGAL ANALYSIS

A) Misstatement of Financial Activity

2 U.S.C. § 434(b) states, in part, that each report shall disclose the total of all receipts and disbursements received or made during the reporting period and the calendar year.

11 CFR 104.13(a) (1) and (2) states that the amount of an in-kind contribution shall be equal to the usual and normal value on the date received. Each in-kind contribution shall be reported as a contribution and expenditure in accordance with 11 CFR 104.3(a) and (b).

The Audit Division's reconciliation of the Committee's bank accounts to its disclosure reports filed during calendar years 1981 and 1982 indicated the following differences:

1981

Reported beginning cash was understated by	\$ 3,711.49
Reported receipts were understated by	209.62
Reported disbursements were understated by	3,921.11

1982*/

Reported receipts were understated by	\$34,086.68
Reported disbursements were understated by	80,316.56

The understatement of Committee receipts for 1981 was found to be the result of an unreported contribution while the 1982

*/ The 1982 bank activity is reflected as of November 22, 1982, due to the coverage date of the Committee's latest disclosure report.

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difference was the result of mathematical errors made in the preparation of various Committee reports.

The understatement of disbursements in 1981 was found to be the result of the Committee failing to report 12 disbursements on their mid-year report, and the disbursement entry for an in-kind contribution received in July 1981. The 1982 understatement resulted from 18 unreported disbursements and various mathematical errors. Committee officials could provide no reasons for the above mentioned discrepancies but agreed to correct their reports.

The Audit staff recommended that comprehensive amendments be filed for the 1981 and 1982 reporting periods with respect to the above discrepancies. In response to that recommendation, on July 6, 1983, the Committee filed comprehensive amendments.

B) Unitemized Contributions from Political Committees

2 U.S.C. § 434(b)(3)(B) states that each report under this section shall disclose the identification of each political committee which makes a contribution to the reporting committee during the reporting period together with the date and amount of any such contribution.

11 CFR 104.3(a)(4)(ii) states, in part, that each report shall disclose the total amount of receipts for the reporting period and for the calendar year and the aggregate year-to-date total for such contributor (including political committees and committees which do not qualify as political committees under the Act).

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During the pre-audit review of indices prepared from contributing Committee reports and subsequent review of Committee records, 43 contributions from 18 political committees were identified which were not itemized on Committee reports. These contributions totaled \$11,535.91. The recorded dates of these contributions were between October 8, 1981 and November 12, 1982.

During the audit fieldwork an attempt was made to verify that these contributions were received and deposited by the Committee. Since many of the Committee's deposit records did not contain detailed records of those contributions contained in each deposit, only six of the 43 contributions could be traced to the Committee's bank deposit records. Other Committee records indicated the receipt of an additional five of the contributions. No records could be found of the remaining 32 contributions. Committee officials had no comments with respect to the above noted matters.

The Audit staff recommended that the Committee file comprehensive amendments and itemize the contributions from political committees as noted above, or, provide evidence that these contributions were, in fact, not received and deposited. In response, on July 6, 1983, the Committee filed an amendment itemizing the contributions from political committees.

C) Failure to Itemize Individual Contributions

2 U.S.C. § 434(b)(3)(A) states, in part, that each report under this section shall disclose the identification of each person (other than a political committee) who makes a

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contribution to the reporting committee during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of \$200 within the calendar year.

The Audit staff conducted an analysis of the 1,808 contributor cards provided for review. Based on available Committee records, it was determined that 34 contributions totaling \$6,150 or 23 percent of the number requiring itemization and 13 percent of the amount requiring itemization were not itemized on the Committee's disclosure reports. Committee officials had no comments with respect to the matter noted above.

The Audit staff recommended that the Committee file comprehensive amendments itemizing the contributions from individuals noted above. On July 6, 1983, in response to the recommendation the Committee filed an amendment which properly itemized the contributions.

D) Disclosure of Debts and Obligations

2 U.S.C. § 434(b)(8) states, in part, that each report under this section shall disclose the amount and nature of outstanding debts and obligations owed by or to such political committee.

11 CFR 104.3(d) states, in part, that each report filed shall, on Schedule C or D, as appropriate, disclose the amount and nature of outstanding debts and obligations owed by or to the reporting committee.

11 CFR 104.11(b) states that a debt, obligation, or other promise to make an expenditure, the amount of which is \$500 or less, shall be reported as of the time payment is made or no

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later than 60 days after such obligation is incurred, whichever comes first. Any loan, debt or obligation, the amount of which is over \$500 shall be reported as of the time of the transaction.

During the pre-audit review, it was noted by the Audit staff that the Committee had not disclosed any debts or obligations. Audit's review of the Committee's vendor file during the audit fieldwork indicated that the Committee had maintained copies of vendor bills, statements and invoices. Although some invoices were stamped "PAID", none were annotated in a manner to indicate check number, payment, date, or the amount paid.

Based on Audit's review of the Committee's vendor file, the Audit staff determined that as of December 31, 1982, the Committee failed to disclose debts and obligations for at least 13 vendors totaling at least \$57,000.54. Committee officials could provide no reasons for the failure to disclose the noted debts and obligations.

The Audit staff recommended that the Committee properly report its debts and obligations on Schedule D of the 1982 Year End Report. On July 6, 1983, the Committee filed an amendment which reported its debts and obligations in response to this recommendation.

E) Failure to File Disclosure Report

2 U.S.C. § 434(a)(1) and (2)(A)(iii) requires, in part, the treasurer of a political committee which is the principal campaign committee of a candidate for the House of Representatives in any calendar year during which there is a regularly scheduled election for which such candidate is seeking

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election, or nomination for election, to file a report for the quarter ending December 31 which shall be filed no later than January 31 of the following calendar year.

During the pre-audit review, the Audit staff noted that the Committee had been notified of its failure to file the 1982 Year End Report of Receipts and Disbursements. Although this report was due on January 31, 1983, the Committee had not filed its 1982 Year End Report. Committee staff were unable to provide a reason for the failure to file the report in a timely manner.

The Audit staff requested that the Committee determine its financial activity for the period November 23, 1982 through December 31, 1982 and file the 1982 Year End Report. On June 6, 1983, the Committee filed a 1982 Year End Report of Receipts and Disbursements.

F) Missing Contributor Records

2 U.S.C. § 432(c)(1),(2),(3) and § 432(d) states that the treasurer of a political committee shall keep an account of all contributions received by or on behalf of such political committees; the name and address of any person who makes any contribution in excess of \$50 together with the date and amount of such contributions by any person; and the identification of any person who makes a contribution or contributions aggregating more than \$200 during a calendar year, together with the date and amount of any such contribution. The treasurer shall preserve all records required to be kept by this section and copies of all reports required to be filed by this subchapter for three years

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after the report is filed.

The Committee provided the Audit staff with 1,808 contributor cards which totaled \$96,712.64. After conducting the individual contributor trace, it was noted that the Committee itemized \$18,853.63 for which no contributor card was available. This amount was added to the contributor cards to obtain a total of \$115,566.27 and compared to the corrected reported total of \$116,979.63. Based on the above review, it was determined that the Committee failed to provide records for \$51,413.36 for 30.79 percent of its reported individual contributions for the period January 1, 1981 through November 22, 1982.

During Audit's review it was also determined that no individual contributor records were maintained after November 5, 1982, the Friday following the General Election. The Committee staff that was responsible for maintaining these records had left the Committee to seek other employment. The candidate informed our staff that the Committee had received contributions in excess of \$50 after November 5, 1982. In addition, a review of committee bank statements indicated deposits of \$15,167.55 between November 5, and December 31, 1982. Committee staff gave no apparent reason for the missing records.

In the interim audit report, it was recommended that the Committee provide an account of the name and address of any person who made a contribution in excess of \$50 (with respect to the above mentioned \$51,413.36) and properly itemize all contributions which in amount or in aggregate exceed \$200.

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On July 6, 1983, a statement was received from the Committee which described the efforts taken to locate these records and provide the requested information. (Attachment II).

The candidate, Tony Guglielmo, attempts to offset the fact that his Committee failed to provide documentation for \$51,413.36 of its reported individual contributions by stating that: 1) the staff was made up of young people from around the country; 2) the pertinent records could have been accidentally removed by staff or volunteers after the election; and 3) the records could have been left in rented furniture which was returned to its owner immediately after the election. Finally, Guglielmo indicates that he called as many staffers as he could locate without success. In sum, no additional records were located for Audit staff review.

It is apparent, based on the Audit review, that the Guglielmo Committee treasurer failed to keep an accurate account of all contributions received in addition to the particulars regarding the identification of any person making a contribution in excess of \$50 or aggregating more than \$200 in violation of 2 U.S.C. § 432(c)(1), (2), and (3) and § 432(d). Moreover, the fact that the Guglielmo Committee staff consisted of young people and the fact that the campaign office, after the election, "was cleared out" by some volunteers is not a sufficient mitigating circumstance as to justify D. Leslie Olsen's failure to properly preserve and maintain the contributor records.

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CONCLUSION

Based on the treasurer's mistatement of financial activity and the failure to itemize contributions from political committees, the failure to itemize individual contributions, the failure to disclose debts and obligations, the failure to file disclosure reports and the failure to maintain accurate contributor records, the Office of General Counsel recommends that the Commission find reason to believe the Guglielmo for Congress Committee and D. Leslie Olsen, as treasurer violated the Act.

RECOMMENDATION

The Office of General Counsel recommends the Commission:

- 1) Find reason to believe the Guglielmo for Congress Committee and D. Leslie Olsen, as treasurer, violated 2 U.S.C. § 434(b), 11 CFR 104.13(a) (1) and (2); 11 CFR 104.3(a) and (b); 2 U.S.C. § 434(b) (3) (B), 11 CFR 104.3(a) (4) (ii); 2 U.S.C. § 434(b) (3) (A); 2 U.S.C. § 434(b) (8); 11 CFR 104.3(d), 11 CFR 104.11(b); 2 U.S.C. § 434(a) (1) and (2) (A) (iii); 2 U.S.C. § 432(c) (1), (2), (3) and § 432(d).
- 2) Approve attached letters.

Charles N. Steele
General Counsel

November 30, 1983
Date

BY:

Kenneth A. Gross
Kenneth A. Gross
Associate General Counsel

Attachments

1. Referral
2. Letter from Tony Guglielmo
3. Proposed Letters
4. Summary of RTB Finding

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LEAD REVIEW

AUDIT

ASSIGNMENT

ATTACHMENT I

LRA 23

To: CHARLES N. STEELE

From: Kenneth Gross

DATE: 7/25/83

SUBJECT: Memorandum to CNS from Costa thru Pehrkon

Subject: Final Audit Report on Tony

Guglielmo for Congress Committee

APPROVED FOR ASSIGNMENT

STAFF:

DUE DATE:

DISAPPROVED FOR ASSIGNMENT

REASONS:

PLEASE RETURN TO DOCKET AFTER ASSIGNMENT. THANK YOU.



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

AR-83-28
A83-38

July 22, 1983

MEMORANDUM

TO: CHARLES N. STEELE
GENERAL COUNSEL

THROUGH: JAMES A. PEHRKON
ACTING STAFF DIRECTOR

FROM: BOB COSTA *pe fnc ac*

SUBJECT: FINAL AUDIT REPORT ON TONY
GUGLIELMO FOR CONGRESS COMMITTEE

8 4 0 4 5 4 8 1 0
Attached is a copy of the final audit report on the Tony Guglielmo For Congress Committee ("the Committee") for your review and legal analysis.

The Committee complied with all of the recommendations in the interim audit report, except for finding II.C. (Exhibit A) concerning missing contributor records, which is being referred to your office for further consideration. Also, attached for your information is the Committee's response (Exhibit B) concerning this finding.

Should you have any questions regarding this report, please contact Lorenzo David or Russ Bruner at 523-4155.

Attachment as stated

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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A83-38

REPORT OF THE AUDIT DIVISION
ON THE
TONY GUGLIELMO FOR CONGRESS COMMITTEE

I. Background

A. Overview

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This report is based on an audit of the Tony Guglielmo For Congress Committee ("the Committee"), undertaken by the Audit Division of the Federal Election Commission in accordance with the Commission's audit policy to determine whether there has been compliance with the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit was conducted pursuant to Section 438(b) of Title 2 of the United States Code which states, in part, that the Commission, may conduct audits and field investigations of any political committee required to file a report under Section 434 of this title. Prior to conducting any audit under this section, the Commission shall perform an internal review of reports filed by selected committees to determine if the reports filed by a particular committee meet the threshold requirements for substantial compliance with the Act.

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The Committee registered with the Federal Election Commission on January 14, 1980. The Committee maintains its headquarters in Stafford Springs, Connecticut.

The audit covered the period January 1, 1981 through December 31, 1982. The Committee reported a cash balance at January 1, 1981 of \$1,538.66; total receipts for the period of \$282,743.97; total disbursements for the period of \$237,571.70 and a cash balance on November 22, 1982 1/ of \$1,651.06. 2/

1/ This is the ending coverage date of the latest report filed by the Committee.

2/ There are arithmetical discrepancies within the Committee's reported totals (see Finding II.A.).

This audit report is based on documents and work papers which support each of its factual statements. They form part of the record upon which the Commission based its decisions on the matters in the report and were available to the Commissioners and appropriate staff for review.

B. Key Personnel

The Treasurer of the Committee during the period covered by the audit was Mr. D. Leslie Olsen.

C. Scope

The audit included such tests as verification of total reported receipts and disbursements and individual transactions; review of required supporting documentation; analysis of Committee debts and obligations; and such other audit procedures as deemed necessary under the circumstances.

II. Audit Findings and Recommendations

A. Misstatement of Financial Activity

Section 434(b) of Title 2 of the United States Code states, in part, that each report shall disclose the total of all receipts and disbursements received or made during the reporting period and the calendar year.

Section 104.13(a)(1) and (2) of Title 11 of the Code of Federal Regulations states the amount of an in-kind contribution shall be equal to the usual and normal value on the date received. Each in-kind contribution shall be reported as a contribution and expenditure in accordance with 11 C.F.R. 104.3(a) and (b).

Our reconciliation of the Committee's bank accounts to its disclosure reports filed during calendar years 1981 and 1982 indicated the following differences:

1981

Reported beginning cash was understated by	\$ 3,711.49
Reported receipts were understated by	209.62
Reported disbursements were understated by	3,921.11

1982 3/

Reported receipts were understated by	\$34,086.68
Reported disbursements were understated by	80,316.56

3/ The 1982 bank activity is reflected as of November 22, 1982 due to the coverage date of the Committee's latest disclosure report.

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The understatement of Committee receipts for 1981 was primarily the result of an unreported contribution while the 1982 difference was the result of mathematical errors made in the preparation of various Committee reports.

The understatement of disbursements in 1981 was the result of the Committee failing to report 12 disbursements on their first semi-annual report, and the disbursement entry for an in-kind contribution received in July 1981. The 1982 understatement resulted from 18 unreported disbursements and various mathematical errors.

Committee officials could provide no reasons for the above mentioned discrepancies but agreed to correct their reports.

The Audit staff recommended that comprehensive amendments be filed for the 1981 and 1982 reporting periods with respect to the above discrepancies.

Recommendation

On July 6, 1983, the Committee filed comprehensive amendments which satisfactorily complied with the recommendation. Therefore, the Audit staff recommends no further action on this matter.

B. Unitemized Contributions from Political Committees

Section 434(b)(3)(B) of Title 2 of the United States Code states that each report under this section shall disclose the identification of each political committee which makes a contribution to the reporting committee during the reporting period, together with the date and amount of any such contribution.

Section 104.3(a)(4)(ii) of Title 11 of the Code of Federal Regulations states, in part, that each report shall disclose the total amount of receipts for the reporting period and for the calendar year and the aggregate year-to-date total for such contributor (including political committees and committees which do not qualify as political committees under the Act).

During our pre-audit review of indices prepared from contributing Committee reports and subsequent review of Committee records, 43 contributions from 18 political committees were identified which were not itemized on Committee reports. These contributions totaled \$11,535.91. The recorded dates of these contributions were between October 8, 1981 and November 12, 1982.

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During the audit fieldwork an attempt was made to verify that these contributions were received and deposited by the Committee. Since many of the Committee's deposit records did not contain detailed records of those contributions contained in each deposit, only six of the 43 contributions could be traced to the Committee's bank deposit records. Other Committee records indicated the receipt of an additional five of the contributions. No record could be found of the remaining 32 contributions.

Committee officials had no comments with respect to the above noted matters.

The Audit staff recommended that the Committee file comprehensive amendments and itemize the contributions from political committees as noted above, or, provide evidence that these contributions were, in fact, not received and deposited.

4 Recommendation

On July 6, 1983, the Committee filed an amendment which substantially complied with our recommendation. Therefore, the Audit staff recommends no further action on this matter.

5 C. Failure to Itemize Individual Contributions

Section 434(b)(3)(A) of Title 2 of the United States Code states, in part, that each report under this section shall disclose the identification of each person (other than a political committee) who makes a contribution to the reporting committee during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of \$200 within the calendar year.

8 The Audit staff conducted an analysis of the 1,808 contributor cards provided for review. Based on available Committee records, it was determined that 34 contributions totaling \$6,150.00 or 23% of the number requiring itemization and 13% of the amount requiring itemization were not itemized on the Committee's disclosure reports.

Committee officials had no comments with respect to the matter noted above.

The Audit staff recommended that the Committee file comprehensive amendments itemizing the contributions from individuals noted above.

Recommendation

On July 6, 1983, the Committee filed an amendment which properly itemized the contributions. Therefore, the Audit staff recommends no further action on this matter.

D. Disclosure of Debts and Obligations

Section 434(b)(8) of Title 2 of the United States Code states, in part, that each report under this section shall disclose the amount and nature of outstanding debts and obligations owed by or to such political committee.

Section 104.3(d) of Title 11 of the Code of Federal Regulations states, in part, that each report filed shall, on Schedule C or D, as appropriate, disclose the amount and nature of outstanding debts and obligations owed by or to the reporting committee.

Section 104.11(b) of Title 11 of the Code of Federal Regulations states that a debt, obligation, or other promise to make an expenditure, the amount of which is \$500 or less, shall be reported as of the time payment is made or no later than 60 days after such obligation is incurred, whichever comes first. Any loan, debt or obligation, the amount of which is over \$500 shall be reported as of the time of the transaction.

During the pre-audit review, it was noted by the Audit staff that the Committee had not disclosed any debts or obligations. Our review of the Committee's vendor file during the audit fieldwork indicated that the Committee had maintained copies of vendor bills, statements and invoices. Although some invoices were stamped "PAID", none were annotated in a manner to indicate check number, payment, date, or the amount paid.

Based on our review of the Committee's vendor file, the Audit staff determined that as of December 31, 1982 the Committee failed to disclose debts and obligations for at least 13 vendors totaling at least \$57,000.54.

Committee officials could provide no reasons for the failure to disclose the noted debts and obligations.

The Audit staff recommended that the Committee properly report its debts and obligations on Schedule D of the 1982 Year End Report.

Recommendation

On July 6, 1983, the Committee filed an amendment which substantially complied with this recommendation. Therefore, the Audit staff recommends no further action on this matter.

E. Failure to File Disclosure Report

Section 434(a) (1) and (2) (A) (iii) of Title 2 of the United States Code requires, in part, the treasurer of a political committee which is the principal campaign committee of a candidate for the House of Representatives in any calendar year during which there is a regularly scheduled election for which such candidate is seeking election, or nomination for election, to file a report for the quarter ending December 31 which shall be filed no later than January 31 of the following calendar year.

During the pre-audit review, the Audit staff noted that the Committee had been notified of its failure to file the 1982 Year End Report of Receipts and Disbursements. Although this report was due on January 31, 1983, the Committee has yet to file its 1982 Year End Report.

Committee staff were unable to provide a reason for the failure to file the report in a timely manner.

The Audit staff requested that the Committee determine its financial activity for the period November 23, 1982 through December 31, 1982 and file the 1982 Year End Report.

Recommendation

On June 6, 1983, the Committee filed a 1982 Year End Report of Receipts and Disbursements. Therefore, the Audit staff recommends no further action on this matter.

F. Matter Referred to the Office of General Counsel

A certain matter noted during the audit was referred to the Commission's Office of General Counsel on _____.

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C. Missing Contributor Records

Section 432(c) (1), (2) (3) and (d) of Title 2 of the United States Code states that the treasurer of a political committee shall keep an account of all contributions received by or on behalf of such political committees; the name and address of any person who makes any contribution in excess of \$50, together with the date and amount of such contributions by any person; and the identification of any person who makes a contribution or contributions aggregating more than \$200 during a calendar year, together with the date and amount of any such contribution. The treasurer shall preserve all records required to be kept by this section and copies of all reports required to be filed by this subchapter for 3 years after the report is filed.

8 4 0 4 0 4 5 4 1 7
The Committee provided the Audit staff with 1,808 contributor cards which totaled \$96,712.64. After conducting the individual contributor trace, it was noted that the Committee itemized \$18,853.63 for which no contributor card was available. This amount was added to the contributor cards to obtain a total of \$115,566.27 and compared to the corrected reported total of \$166,979.63. Based on the above review, it was determined that the Committee failed to provide records for \$51,413.36 or 30.79% of its reported individual contributions for the period January 1, 1981 through November 22, 1982.

During our review it was also determined that no individual contributor records were maintained after November 5, 1982, the Friday following the General Election. The Committee staff that was responsible for maintaining these records had left the Committee to seek other employment. The candidate informed our staff that the Committee had received contributions in excess of \$50 after November 5, 1982. In addition, a review of committee bank statements indicated deposits of \$15,167.55 between November 5, and December 31, 1982.

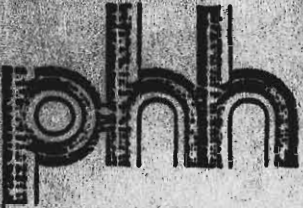
Committee staff gave no apparent reason for the missing records as noted above.

In the interim audit report, it was recommended that the Committee provide an account of the name and address of any person who made a contribution in excess of \$50 (with respect to the above mentioned \$51,413.36) and properly itemize all contributions which in amount or in aggregate exceed \$200.

On July 6, 1983, a statement was received from the Committee which describes the efforts taken to locate these records and provide the requested information. No additional records were located by the Committee for our review.

Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel for their consideration.



June 29, 1983

Federal Election Commission
1325 K.St. N.W.
Washington, D.C. 20463

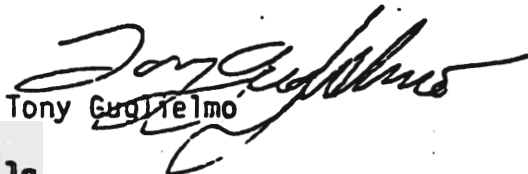
Re: Missing Contributor Records

Dear Sir:

I am writing to address the issue of the missing contributor records. It is my best estimate that the records were lost during the period immediately following the election. Our staff was made up of young people from all around the country. We had three members from Michigan, one from Ohio, one from New Jersey, one from Virginia, one from Massachusetts, and several from right in Connecticut. After the defeat on election night the staff almost immediately disbursed for their homes. As you might suspect their isn't much to do after a lasting campaign and of course there is no money to pay the staff so they returned home to look for work. Most of the staff cleared out their desks and left by Wednesday while the campaign manager and press secretary stayed on until that Friday. The office itself was cleared out over that weekend by some volunteers. Since most of the office furniture was loaned to us it had to be returned as soon as possible. The lost records could have been left in one of the desks or filing cabinets or inadvertently taken by one of the staffers in the boxes of their personal belongings.

I checked with as many of the desks and cabinets as we could locate. I called as many former staffers as we could locate without success. I honestly did my absolute best to locate the records in questions.

Sincerely,

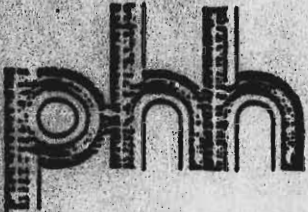

Tony Guglielmo

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D. Anthony Guglielmo
Daniel J. Howley

ATTACHMENT II

Exhibit B



June 29, 1983

Federal Election Commission
1325 K.St. N.W.
Washington, D.C. 20463


Re: Missing Contributor Records

Dear Sir:

I am writing to address the issue of the missing contributor records. It is my best estimate that the records were lost during the period immediately following the election. Our staff was made up of young people from all around the country. We had three members from Michigan, one from Ohio, one from New Jersey, one from Virginia, one from Massachusetts, and several from right in Connecticut. After the defeat on election night the staff almost immediately disbursed for their homes. As you might suspect their isn't much to do after a lasting campaign and of course there is no money to pay the staff so they returned home to look for work. Most of the staff cleared out their desks and left by Wednesday while the campaign manager and press secretary stayed on until that Friday. The office itself was cleared out over that weekend by some volunteers. Since most of the office furniture was loaned to us it had to be returned as soon as possible. The lost records could have been left in one of the desks or filing cabinets or inadvertently taken by one of the staffers in the boxes of their personal belongings.

I checked with as many of the desks and cabinets as we could locate. I called as many former staffers as we could locate without success. I honestly did my absolute best to locate the records in questions.

Sincerely,


Tony Guglielmo

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D. Anthony Guglielmo
Daniel J. Howley

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ATTACHMENT III



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

D. Leslie Olsen, Treasurer
Guglielmo for Congress Committee
100 Stafford Street
Stafford, Connecticut 06076

Re: MUR 1592

Dear Mr. Olsen:

On November , 1983, the Federal Election Commission determined that there is reason to believe that your committee and you, as treasurer, violated 2 U.S.C. § 434(b), 11 CFR 104.13(a)(1) and 2; 11 CFR § 104.3(a) and (b); 2 U.S.C. § 434(b)(3)(B), 11 CFR § 104.3(a)(4)(ii); 2 U.S.C. § 434(b)(3)(A); 2 U.S.C. § 434(b)(8); 11 CFR 104.3(d), 11 CFR 104.11(b); 2 U.S.C. § 434(a)(1) and (2)(A)(iii); 2 U.S.C. § 432(c)(1), (2), and (3) and § 432(d). The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you and the committee. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter.

In the absence of any additional information which demonstrates that no further action should be taken against you and your committee, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if you and the committee so desire. See 11 C.F.R. § 111.18(d).

If you and the committee intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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D. Leslie Olsen, Treasurer
Page 2

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Duane A. Brown, the attorney assigned this matter, at 202/523-5071.

Sincerely,

Enclosures

General Counsel's Factual and Legal Analysis
Procedures
Designation of Counsel Statement

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ATTACHMENT IV

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NO. 1592
STAFF MEMBER(S) & TEL. NO.
RESPONDENT: Guglielmo for Congress Duane A. Brown
D. Leslie Olsen, Treasurer (202) 523-5071

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

This matter was referred to the Office of General Counsel as the result of an audit of the Guglielmo for Congress Committee by the Audit Division.

The audit determined that the respondent had 1) mistated its financial activity; 2) failed to itemize contributions from political committees; 3) failed to itemize individual contributions; 4) failed to disclose debts and obligations; 5) failed to file disclosure reports; and, 6) failed to maintain accurate contributor records.

FACTUAL BASIS AND LEGAL ANALYSIS

A) Misstatement of Financial Activity

2 U.S.C. § 434(b) states, in part, that each report shall disclose the total of all receipts and disbursements received or made during the reporting period and the calendar year.

11 CFR 104.13(a)(1) and (2) states that the amount of an in-kind contribution shall be equal to the usual and normal value on the date received. Each in-kind contribution shall be reported as a contribution and expenditure in accordance with 11 CFR 104.3(a) and (b).

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Audit's reconciliation of the Committee's bank accounts to its disclosure reports filed during calendar years 1981 and 1982 indicated the following differences:

1981

Reported beginning cash was understated by	\$ 3,711.49
Reported receipts were understated by	209.62
Reported disbursements were understated by	3,921.11

1982*/

Reported receipts were understated by	\$34,086.68
Reported disbursements were understated by	80,316.56

The understatement of Committee receipts for 1981 was found to be the result of an unreported contribution while the 1982 difference was the result of mathematical errors made in the preparation of various Committee reports.

The understatement of disbursements in 1981 was found to be the result of the Committee failing to report 12 disbursements on their first semi-annual report, and the disbursement entry for an in-kind contribution received in July 1981. The 1982 understatement resulted from 18 unreported disbursements and various mathematical errors. Committee officials could provide no reasons for the above mentioned discrepancies but agreed to correct their reports.

*/ The 1982 bank activity is reflected as of November 22, 1982, due to the coverage date of the Committee's latest disclosure report.

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B) Unitemized Contributions from Political Committees

2 U.S.C. § 434(b)(3)(B) states that each report under this section shall disclose the identification of each political committee which makes a contribution to the reporting committee during the reporting period together with the date and amount of any such contribution.

11 CFR 104.3(a)(4)(ii) states, in part, that each report shall disclose the total amount of receipts for the reporting period and for the calendar year and the aggregate year-to-date total for such contributor (including political committees and committees which do not qualify as political committees under the Act). During the pre-audit review of indices prepared from contributing Committee reports and subsequent review of Committee records, 43 contributions from 18 political committees were identified which were not itemized on Committee reports. These contributions totaled \$11,535.91. The recorded dates of these contributions were between October 8, 1981 and November 12, 1982.

During the audit fieldwork an attempt was made to verify that these contributions were received and deposited by the Committee. Since many of the Committee's deposit records did not contain detailed records of those contributions contained in each deposit, only six of the 43 contributions could be traced to the Committee's bank deposit records. Other Committee records indicated the receipt of an additional five of the contributions. No records could be found of the remaining 32 contributions. Committee officials had no comments with respect to the above noted matters.

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C) Failure to Itemize Individual Contributions

2 U.S.C. § 434(b)(3)(A) states, in part, that each report under this section shall disclose the identification of each person (other than a political committee) who makes a contribution to the reporting committee during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of \$200 within the calendar year.

The Audit staff conducted an analysis of the 1,808 contributor cards provided for review. Based on available Committee records, it was determined that 34 contributions totaling \$6,150 or 23 percent of the number requiring itemization and 13 percent of the amount requiring itemization were not itemized on the Committee's disclosure reports. Committee officials had no comments with respect to the matter noted above.

D) Disclosure of Debts and Obligations

2 U.S.C. § 434(b)(8) states, in part, that each report under this section shall disclose the amount and nature of outstanding debts and obligations owed by or to such political committee.

11 CFR 104.3(d) states, in part, that each report filed shall, on Schedule C or D, as appropriate, disclose the amount and nature of outstanding debts and obligations owed by or to the reporting committee.

11 CFR 104.11(b) states that a debt, obligation, or other promise to make an expenditure, the amount of which is \$500 or less, shall be reported as of the time payment is made or no

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later than 60 days after such obligation is incurred, whichever comes first. Any loan, debt or obligation, the amount of which is over \$500 shall be reported as of the time of the transaction.

During the pre-audit review, it was noted by the Audit staff that the Committee had not disclosed any debts or obligations. Audit's review of the Committee's vendor file during the audit fieldwork indicated that the Committee had maintained copies of vendor bills, statements and invoices. Although some invoices were stamped "PAID", none were annotated in a manner to indicate check number, payment, date, or the amount paid.

Based on Audit's review of the Committee's vendor file, the Audit staff determined that as of December 31, 1982, the Committee failed to disclose debts and obligations for at least 13 vendors totaling at least \$57,000.54. Committee officials could provide no reasons for the failure to disclose the noted debts and obligations.

E) Failure to File Disclosure Report

2 U.S.C. § 434(a) (1) and (2) (A) (iii) requires, in part, the treasurer of a political committee which is the principal campaign committee of a candidate for the House of Representatives in any calendar year during which there is a regularly scheduled election for which such candidate is seeking election, or nomination for election, to file a report for the quarter ending December 31 which shall be filed no later than January 31 of the following calendar year.

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During the pre-audit review, the Audit staff noted that the Committee had been notified of its failure to file the 1982 Year End Report of Receipts and Disbursements. Although this report was due on January 31, 1983, the Committee had not filed its 1982 Year End Report. Committee staff were unable to provide a reason for the failure to file the report in a timely manner.

F) Missing Contributor Records

2 U.S.C. § 432(c)(1),(2),(3) and § 432(d) states that the treasurer of a political committee shall keep an account of all contributions received by or on behalf of such political committees; the name and address of any person who makes any contribution in excess of \$50 together with the date and amount of such contributions by any person; and the identification of any person who makes a contribution or contributions aggregating more than \$200 during a calendar year, together with the date and amount of any such contribution. The treasurer shall preserve all records required to be kept by this section and copies of all reports required to be filed by this subchapter for three years after the report is filed.

The Committee provided the Audit staff with 1,808 contributor cards which totaled \$96,712.64. After conducting the individual contributor trace, it was noted that the Committee itemized \$18,853.63 for which no contributor card was available. This amount was added to the contributor cards to obtain a total of \$115,566.27 and compared to the corrected reported total of

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\$116,979.63. Based on the above review, it was determined that the Committee failed to provide records for \$51,413.36 for 30.79 percent of its reported individual contributions for the period January 1, 1981 through November 22, 1982.

During Audit's review it was also determined that no individual contributor records were maintained after November 5, 1982, the Friday following the General Election. The Committee staff that was responsible for maintaining these records had left the Committee to seek other employment. The candidate informed our staff that the Committee had received contributions in excess of \$50 after November 5, 1982. In addition, a review of committee bank statements indicated deposits of \$15,167.55 between November 5, and December 31, 1982. Committee staff gave no apparent reason for the missing records.

In the interim audit report, it was recommended that the Committee provide an account of the name and address of any person who made a contribution in excess of \$50 (with respect to the above mentioned \$51,413.36) and properly itemize all contributions which in amount or in aggregate exceed \$200.

On July 6, 1983, a statement was received from the Committee which described the efforts taken to locate these records and provide the requested information.

The candidate, Tony Guglielmo, attempts to offset the fact that his Committee failed to provide documentation for \$51,413.36 of its reported individual contributions by stating that: 1) the staff was made up of young people from around the country; 2) the

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pertinent records could have been accidentally removed by staff or volunteers after the election; and 3) the records could have been left in rented furniture which was returned to its owner immediately after the election. Finally, Guglielmo indicates that he called as many staffers as he could locate without success. In sum, no additional records were located for Audit staff review.

It is apparent, based on the Audit review, that the Guglielmo Committee treasurer failed to keep an accurate account of all contributions received in addition to the particulars regarding the identification of any person making a contribution in excess of \$50 or aggregating more than \$200 in violation of 2 U.S.C. § 432(c)(1), (2), and (3) and § 432(d). Moreover, the fact that the Guglielmo Committee staff consisted of young people and the fact that the campaign office, after the election, "was cleared out" by some volunteers is not a sufficient mitigating circumstance as to justify D. Leslie Olsen's failure to properly preserve and maintain the contributor records.

8404045489

LEAD REVIEW

AUDIT

ASSIGNMENT

#988

LRA 23

TO: CHARLES N. STEELE

FROM: Kenneth Gross

DATE: 7/25/83

SUBJECT: Memorandum to CNS from Costa thru Pehrkon

Subject: Final Audit Report on Tony

Guglielmo for Congress Committee

APPROVED FOR ASSIGNMENT

STAFF:

DUE DATE:

DISAPPROVED FOR ASSIGNMENT

REASONS:

PLEASE RETURN TO DOCKET AFTER ASSIGNMENT. THANK YOU.



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

AR-83-28

A83-28

July 22, 1983

MEMORANDUM

TO: CHARLES N. STEELE
GENERAL COUNSEL

THROUGH: JAMES A. PEHRKON
ACTING STAFF DIRECTOR

FROM: BOB COSTA *ps jnc*

SUBJECT: FINAL AUDIT REPORT ON TONY
GUGLIELMO FOR CONGRESS COMMITTEE

Attached is a copy of the final audit report on the Tony Guglielmo For Congress Committee ("the Committee") for your review and legal analysis.

The Committee complied with all of the recommendations in the interim audit report, except for finding II.C. (Exhibit A) concerning missing contributor records, which is being referred to your office for further consideration. Also, attached for your information is the Committee's response (Exhibit B) concerning this finding.

Should you have any questions regarding this report, please contact Lorenzo David or Russ Bruner at 523-4155.

Attachment as stated

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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A83-38

REPORT OF THE AUDIT DIVISION
ON THE
TONY GUGLIELMO FOR CONGRESS COMMITTEE

I. Background.

A. Overview

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This report is based on an audit of the Tony Guglielmo For Congress Committee ("the Committee"), undertaken by the Audit Division of the Federal Election Commission in accordance with the Commission's audit policy to determine whether there has been compliance with the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit was conducted pursuant to Section 438(b) of Title 2 of the United States Code which states, in part, that the Commission, may conduct audits and field investigations of any political committee required to file a report under Section 434 of this title. Prior to conducting any audit under this section, the Commission shall perform an internal review of reports filed by selected committees to determine if the reports filed by a particular committee meet the threshold requirements for substantial compliance with the Act.

The Committee registered with the Federal Election Commission on January 14, 1980. The Committee maintains its headquarters in Stafford Springs, Connecticut.

The audit covered the period January 1, 1981 through December 31, 1982. The Committee reported a cash balance at January 1, 1981 of \$1,538.66; total receipts for the period of \$282,743.97; total disbursements for the period of \$237,571.70 and a cash balance on November 22, 1982 ^{1/} of \$1,651.06. ^{2/}

^{1/} This is the ending coverage date of the latest report filed by the Committee.

^{2/} There are arithmetical discrepancies within the Committee's reported totals (see Finding II.A.).

This audit report is based on documents and work papers which support each of its factual statements. They form part of the record upon which the Commission based its decisions on the matters in the report and were available to the Commissioners and appropriate staff for review.

B. Key Personnel

The Treasurer of the Committee during the period covered by the audit was Mr. D. Leslie Olsen.

C. Scope

The audit included such tests as verification of total reported receipts and disbursements and individual transactions; review of required supporting documentation; analysis of Committee debts and obligations; and such other audit procedures as deemed necessary under the circumstances.

II. Audit Findings and Recommendations

A. Misstatement of Financial Activity

Section 434(b) of Title 2 of the United States Code states, in part, that each report shall disclose the total of all receipts and disbursements received or made during the reporting period and the calendar year.

Section 104.13(a)(1) and (2) of Title 11 of the Code of Federal Regulations states the amount of an in-kind contribution shall be equal to the usual and normal value on the date received. Each in-kind contribution shall be reported as a contribution and expenditure in accordance with 11 C.F.R. 104.3(a) and (b).

Our reconciliation of the Committee's bank accounts to its disclosure reports filed during calendar years 1981 and 1982 indicated the following differences:

1981

Reported beginning cash was understated by	\$ 3,711.49
Reported receipts were understated by	209.62
Reported disbursements were understated by	3,921.11

1982 3/

Reported receipts were understated by	\$34,086.68
Reported disbursements were understated by	80,316.56

3/ The 1982 bank activity is reflected as of November 22, 1982 due to the coverage date of the Committee's latest disclosure report.

The understatement of Committee receipts for 1981 was primarily the result of an unreported contribution while the 1982 difference was the result of mathematical errors made in the preparation of various Committee reports.

The understatement of disbursements in 1981 was the result of the Committee failing to report 12 disbursements on their first semi-annual report, and the disbursement entry for an in-kind contribution received in July 1981. The 1982 understatement resulted from 18 unreported disbursements and various mathematical errors.

Committee officials could provide no reasons for the above mentioned discrepancies but agreed to correct their reports.

The Audit staff recommended that comprehensive amendments be filed for the 1981 and 1982 reporting periods with respect to the above discrepancies.

Recommendation

On July 6, 1983, the Committee filed comprehensive amendments which satisfactorily complied with the recommendation. Therefore, the Audit staff recommends no further action on this matter.

B. Unitemized Contributions from Political Committees

Section 434(b)(3)(B) of Title 2 of the United States Code states that each report under this section shall disclose the identification of each political committee which makes a contribution to the reporting committee during the reporting period, together with the date and amount of any such contribution.

Section 104.3(a)(4)(ii) of Title 11 of the Code of Federal Regulations states, in part, that each report shall disclose the total amount of receipts for the reporting period and for the calendar year and the aggregate year-to-date total for such contributor (including political committees and committees which do not qualify as political committees under the Act).

During our pre-audit review of indices prepared from contributing Committee reports and subsequent review of Committee records, 43 contributions from 18 political committees were identified which were not itemized on Committee reports. These contributions totaled \$11,535.91. The recorded dates of these contributions were between October 8, 1981 and November 12, 1982.

On July 6, 1983, the Committee filed an amendment which properly itemized the contributions. Therefore, the Audit staff recommends no further action on this matter.

D. Disclosure of Debts and Obligations

Section 434(b)(8) of Title 2 of the United States Code states, in part, that each report under this section shall disclose the amount and nature of outstanding debts and obligations owed by or to such political committee.

Section 104.3(d) of Title 11 of the Code of Federal Regulations states, in part, that each report filed shall, on Schedule C or D, as appropriate, disclose the amount and nature of outstanding debts and obligations owed by or to the reporting committee.

Section 104.11(b) of Title 11 of the Code of Federal Regulations states that a debt, obligation, or other promise to make an expenditure, the amount of which is \$500 or less, shall be reported as of the time payment is made or no later than 60 days after such obligation is incurred, whichever comes first. Any loan, debt or obligation, the amount of which is over \$500 shall be reported as of the time of the transaction.

During the pre-audit review, it was noted by the Audit staff that the Committee had not disclosed any debts or obligations. Our review of the Committee's vendor file during the audit fieldwork indicated that the Committee had maintained copies of vendor bills, statements and invoices. Although some invoices were stamped "PAID", none were annotated in a manner to indicate check number, payment, date, or the amount paid.

Based on our review of the Committee's vendor file, the Audit staff determined that as of December 31, 1982 the Committee failed to disclose debts and obligations for at least 13 vendors totaling at least \$57,000.54.

Committee officials could provide no reasons for the failure to disclose the noted debts and obligations.

The Audit staff recommended that the Committee properly report its debts and obligations on Schedule D of the 1982 Year End Report.

Recommendation

On July 6, 1983, the Committee filed an amendment which substantially complied with this recommendation. Therefore, the Audit staff recommends no further action on this matter.

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E. Failure to File Disclosure Report

Section 434(a)(1) and (2)(A)(iii) of Title 2 of the United States Code requires, in part, the treasurer of a political committee which is the principal campaign committee of a candidate for the House of Representatives in any calendar year during which there is a regularly scheduled election for which such candidate is seeking election, or nomination for election, to file a report for the quarter ending December 31 which shall be filed no later than January 31 of the following calendar year.

During the pre-audit review, the Audit staff noted that the Committee had been notified of its failure to file the 1982 Year End Report of Receipts and Disbursements. Although this report was due on January 31, 1983, the Committee has yet to file its 1982 Year End Report.

Committee staff were unable to provide a reason for the failure to file the report in a timely manner.

The Audit staff requested that the Committee determine its financial activity for the period November 23, 1982 through December 31, 1982 and file the 1982 Year End Report.

Recommendation

On June 6, 1983, the Committee filed a 1982 Year End Report of Receipts and Disbursements. Therefore, the Audit staff recommends no further action on this matter.

F. Matter Referred to the Office of General Counsel

A certain matter noted during the audit was referred to the Commission's Office of General Counsel on _____.

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C. Missing Contributor Records

Section 432(c) (1), (2) (3) and (d) of Title 2 of the United States Code states that the treasurer of a political committee shall keep an account of all contributions received by or on behalf of such political committees; the name and address of any person who makes any contribution in excess of \$50, together with the date and amount of such contributions by any person; and the identification of any person who makes a contribution or contributions aggregating more than \$200 during a calendar year, together with the date and amount of any such contribution. The treasurer shall preserve all records required to be kept by this section and copies of all reports required to be filed by this subchapter for 3 years after the report is filed.

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The Committee provided the Audit staff with 1,808 contributor cards which totaled \$96,712.64. After conducting the individual contributor trace, it was noted that the Committee itemized \$18,853.63 for which no contributor card was available. This amount was added to the contributor cards to obtain a total of \$115,566.27 and compared to the corrected reported total of \$166,979.63. Based on the above review, it was determined that the Committee failed to provide records for \$51,413.36 or 30.79% of its reported individual contributions for the period January 1, 1981 through November 22, 1982.

During our review it was also determined that no individual contributor records were maintained after November 5, 1982, the Friday following the General Election. The Committee staff that was responsible for maintaining these records had left the Committee to seek other employment. The candidate informed our staff that the Committee had received contributions in excess of \$50 after November 5, 1982. In addition, a review of committee bank statements indicated deposits of \$15,167.55 between November 5, and December 31, 1982.

Committee staff gave no apparent reason for the missing records as noted above.

In the interim audit report, it was recommended that the Committee provide an account of the name and address of any person who made a contribution in excess of \$50 (with respect to the above mentioned \$51,413.36) and properly itemize all contributions which in amount or in aggregate exceed \$200.

On July 6, 1983, a statement was received from the Committee which describes the efforts taken to locate these records and provide the requested information. No additional records were located by the Committee for our review.

Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel for their consideration.

Exhibit B



June 29, 1983

Federal Election Commission
1325 K.St. N.W.
Washington, D.C. 20463

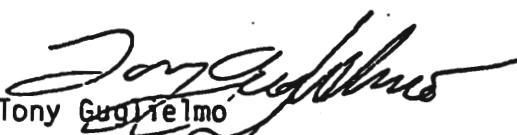
Re: Missing Contributor Records

Dear Sir:

I am writing to address the issue of the missing contributor records. It is my best estimate that the records were lost during the period immediately following the election. Our staff was made up of young people from all around the country. We had three members from Michigan, one from Ohio, one from New Jersey, one from Virginia, one from Massachusetts, and several from right in Connecticut. After the defeat on election night the staff almost immediately disbursed for their homes. As you might suspect their isn't much to do after a lasting campaign and of course there is no money to pay the staff so they returned home to look for work. Most of the staff cleared out their desks and left by Wednesday while the campaign manager and press secretary stayed on until that Friday. The office itself was cleared out over that weekend by some volunteers. Since most of the office furniture was loaned to us it had to be returned as soon as possible. The lost records could have been left in one of the desks or filing cabinets or inadvertently taken by one of the staffers in the boxes of their personal belongings.

I checked with as many of the desks and cabinets as we could locate. I called as many former staffers as we could locate without success. I honestly did my absolute best to locate the records in questions.

Sincerely,


Tony Guglielmo

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D. Anthony Guglielmo
Daniel J. Howley

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Final Audit Report of the) A83-38
Tony Guglielmo for Congress Committee)

CERTIFICATION

I, Marjorie W. Emmons, Recording Secretary for the Federal Election Commission Executive Session on September 20, 1983, do hereby certify that the Commission decided by a vote of 5-1 to reject the Final Audit Report of the Tony Guglielmo for Congress Committee (A83-38) and forward the report to the Office of General Counsel with a direction that the General Counsel open a Matter Under Review embodying all of the major violations.

Commissioners Elliott, Harris, McDonald, McGarry, and Reiche voted affirmatively for the decision; Commissioner Aikens dissented.

Attest:

9-21-83

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

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FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 1592

Date Filmed 5/10/84 Camera No. --- 2

Cameraman JRL